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May 4, 2007

Vice Mayor Dave Cortese  
City of San Jose  
200 E. Santa Clara Street  
San Jose, CA 95113

Re: Evergreen East Hills Visioning Project

Dear Vice Mayor Cortese:

The purpose of this letter is to inform you that Yerba Buena Opco, Inc. (Legacy) and its Partners have agreed to the essential revised business terms as outlined in your Motion as put forth and voted upon last Monday, April 30, 2007.

While we are still reviewing the legal document that secures our commitment, and are not quite ready to execute the legal document, we are committed to accept the business terms of the revised Funding Agreement.

Accordingly, Yerba Buena Opco, Inc. (Legacy), will retain one third (1/3) of its site (40± acres) as Campus Industrial, and ask for 400 units of residential on the remaining two thirds (2/3) of the site. In consideration for the 400 units, including a four (4) acre on-site sports park, Legacy will be providing the \$40,000,000 Amenity Contribution entirely in the first phase.

While this process has had its fair share of challenges, we are grateful for the effort put forth in trying to find a compromise that continues to balance the "three legs of the stool". Legacy remains committed to doing its part to make that happen.

We look forward to wrapping up the detailed documentation and continue to hope we gain your support.

Please call me with any questions or concerns.

Very truly yours,

Legacy Partners Commercial LLC

By: 

Name: Steven M. Dunn

Title: Senior Vice President

Cc: Bo Radanovich  
Carl Berg - Berg & Berg  
Joe Head - Summerhill  
Eli Reinhard - Arcadia

Drew Kusnick - KB Homes  
Gretchen Sauer - IDS  
Mike Hill - EVCC  
Laurel Prevetti - City of San Jose